

BUSS & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CLINTON TOWNSHIP, MICHIGAN

**RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY**

**Richmond, Michigan**

**ANNUAL FINANCIAL REPORT**

**WITH SUPPLEMENTAL INFORMATION**

**PREPARED IN ACCORDANCE WITH GASB 34**

**June 30, 2008**

# Auditing Procedures Report

Instructions and MuniCodes

\*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* RICHMOND-LENOX EMS AMBULANCE AUTHORITY	County* MACOMB	Type* AUTHORITY	MuniCode* 50-7-546
Opinion Date-Use Calendar* Oct 31, 2008	Audit Submitted-Use Calendar* Dec 16, 2008	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 1,893,297.00
General Fund Expenditure: ?	\$ 1,817,589.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance: ?	\$ 859,858.00
Governmental Activities Long-Term Debt (see instructions): ?	\$ 504,840.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* JOHN E.	Last Name* GIDEON	Ten Digit License Number* 1101007016		
CPA Street Address* 42550 GARFIELD STE 105	City* CLINTON TWP	State* MI	Zip Code* 48038	Telephone* +1 (586) 263-8200
CPA Firm Name* BUSS & COMPANY, P.C.	Unit's Street Address* 34505 32 MILE ROAD	Unit's City* RICHMOND	Unit's Zip* 48062	

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
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INDEPENDENT AUDITOR'S REPORT

October 31, 2008

Board of Directors  
Richmond-Lenox E.M.S. Ambulance Authority  
Richmond, Michigan 48062

Honorable Members:

We have audited the accompanying financial statements of the Richmond-Lenox E.M.S. Ambulance Authority (the Authority) as of June 30, 2008 and 2007, and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richmond-Lenox E.M.S. Ambulance Authority, as of June 30, 2008 and 2007, and the changes in its financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

BUSS & COMPANY, P.C.



Certified Public Accountants

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RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2008

Using this Annual Report

This annual report consists of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Authority. This section, the Management's Discussion and Analysis, is intended to provide an overview of the Authority's financial condition, results of operations, and other key information.

Financial Overview

In analyzing the Authority's financial position, it is important to recognize the purpose of the Authority. The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The following table shows the major components of net assets for June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Capital Assets	\$1,158,212	\$1,221,243
Other Assets	<u>318,295</u>	<u>553,044</u>
Total Assets	<u>\$1,476,507</u>	<u>\$1,774,287</u>
Long-Term Liabilities	\$ 443,903	\$ 502,099
Other Liabilities	<u>172,746</u>	<u>488,038</u>
Total Liabilities	<u>\$ 616,649</u>	<u>\$ 990,137</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 653,372	\$ 673,993
Unrestricted	<u>206,486</u>	<u>110,157</u>
Total Net Assets	<u>\$ 859,858</u>	<u>\$ 784,150</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED  
For The Year Ended June 30, 2008

**Financial Overview** (Continued)

The following table shows the major components of the increase in net assets for the year ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Revenues:		
Charges for services	\$1,166,734	\$1,080,415
Municipal subsidies	406,100	427,792
Interest	2,233	5,849
Grants/donations/other	<u>318,230</u>	<u>367,162</u>
Total Revenues	\$1,893,297	\$1,881,218
Expenses	( <u>1,817,589</u> )	( <u>1,743,072</u> )
Change in Net Assets	\$ 75,708	\$ 138,146
Net Assets - Beginning	<u>784,150</u>	<u>646,004</u>
Net Assets - Ending	<u>\$ 859,858</u>	<u>\$ 784,150</u>

The Authority experienced an increase in net assets of \$75,708. Revenues increased by \$12,079 or .6%, while expenses increased by \$74,517 or 4.3%, due primarily to an increase in vehicle operating costs.

**Capital Assets**

Capital assets, consisting of building, equipment, and vehicles were added during the years ended June 30, 2008 and 2007 in the amounts of \$33,891 and \$173,781, respectively. Refer to Note 4 for additional details.

**Long-Term Debt**

The Authority reduced its notes payable during the year by \$42,409. Interest expense for the years ended June 30, 2008 and 2007 was \$20,448 and \$25,566, respectively. Refer to Note 5 for additional details.

**Contacting the Authority's Management**

The financial report is designed to provide participating townships and their residents with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report please contact the Authority's Director at 34505 32 Mile Road, Richmond, Michigan 48062.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
COMPARATIVE STATEMENT OF NET ASSETS  
June 30, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 57,926	\$ 296,619
Accounts receivable, net of allowance	241,490	247,080
Prepaid expenses	<u>18,879</u>	<u>9,345</u>
Total Current Assets	<u>\$ 318,295</u>	<u>\$ 553,044</u>
<u>CAPITAL ASSETS:</u>		
Capital assets not being depreciated	\$ 20,012	\$ 20,012
Other capital assets, net of depreciation	<u>1,138,200</u>	<u>1,201,231</u>
Total Capital Assets - Net of Depreciation	<u>\$1,158,212</u>	<u>\$1,221,243</u>
Total Assets	<u>\$1,476,507</u>	<u>\$1,774,287</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 76,476	\$ 321,130
Accrued expenses	-	985
Deferred revenue	35,333	120,773
Current portion of long-term debt	<u>60,937</u>	<u>45,150</u>
Total Current Liabilities	<u>\$ 172,746</u>	<u>\$ 488,038</u>
LONG-TERM DEBT, LESS CURRENT PORTION	<u>443,903</u>	<u>502,099</u>
Total Liabilities	<u>\$ 616,649</u>	<u>\$ 990,137</u>
<u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	\$ 653,372	\$ 673,993
Unrestricted	<u>206,486</u>	<u>110,157</u>
Total Net Assets	<u>\$ 859,858</u>	<u>\$ 784,150</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For The Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING REVENUES:</u>		
Ambulance service fees	\$1,101,474	\$1,021,788
Municipal subsidies	406,100	427,792
Registration fees	46,350	34,061
Operating grants	233,886	222,213
Wheelchair van user fees	9,692	9,570
Donations	520	-
Immunizations	9,218	14,996
Other	<u>21,308</u>	<u>8,767</u>
Total Operating Revenues	<u>\$1,828,548</u>	<u>\$1,739,187</u>
<u>OPERATING EXPENSES:</u>		
Advertising	\$ 3,395	\$ 3,300
Billing service fees	90,112	79,402
Clothing supplies	2,011	2,816
Committee fees	2,500	2,400
Data collection software	4,500	-
Depreciation	96,923	96,501
Dispatch services	1,800	2,100
Dues, conferences and licenses	2,700	2,252
Equipment and room rental	8,964	9,924
Insurance - General	91,048	123,665
Insurance - Health	138,920	130,266
Miscellaneous	26,004	28,333
Medical supplies	31,387	28,302
Office supplies	6,909	11,605
Postage	2,117	2,483
Professional services	8,445	13,348
Repairs and maintenance:		
Building	29,927	31,131
Equipment	24,149	30,852
Vehicles	38,894	34,994
Wheelchair van	13,222	11,542
Taxes - Payroll	74,424	74,924
Telephone	14,939	16,261
Textbooks	5,678	5,841

(Continued)



RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
 Richmond, Michigan

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, CONTINUED  
 For The Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>OPERATING EXPENSES:</u> (Continued)		
Travel, entertainment, and employee relations	\$ 5,980	\$ 2,948
Utilities	24,644	19,405
Vaccines - OSHA Compliance	1,720	2,639
Vehicle operation	51,250	30,767
Vehicle operation - Wheelchair van	44,877	26,414
Wages, Retirement and Other:		
Director	65,825	64,450
Deputy Director	56,282	55,043
Paramedics	318,398	283,407
EMT and support staff	316,227	327,508
Wheelchair van driver	76,363	75,819
Overtime	<u>116,607</u>	<u>86,513</u>
Total Operating Expenses	<u>\$1,797,141</u>	<u>\$1,717,155</u>
OPERATING INCOME (LOSS)	<u>\$ 31,407</u>	<u>\$ 22,032</u>
<u>NON-OPERATING INCOME (EXPENSE):</u>		
Interest income	\$ 2,233	\$ 5,849
Capital grants	62,516	136,182
Gain (loss) on disposal of property	-	( 351)
Interest expense	<u>( 20,448)</u>	<u>( 25,566)</u>
Total Non-Operating Income (Expense)	<u>\$ 44,301</u>	<u>\$ 116,114</u>
CHANGE IN NET ASSETS	<u>\$ 75,708</u>	<u>\$ 138,146</u>
TOTAL NET ASSETS - BEGINNING	<u>784,150</u>	<u>646,004</u>
TOTAL NET ASSETS - ENDING	<u>\$ 859,858</u>	<u>\$ 784,150</u>

See accompanying notes to financial statements.

## BUSS &amp; COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
CLINTON TOWNSHIP, MICHIGAN

## RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY

Richmond, Michigan

## COMPARATIVE STATEMENT OF CASH FLOWS

For The Years Ended June 30, 2008 and 2007

	2008	2007
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$1,172,324	\$1,013,060
Operating grants received	148,446	281,699
Operating subsidies from other governments	406,100	427,792
Other operating receipts	21,828	8,767
Cash paid to suppliers for goods and services	( 1,005,690)	( 669,029)
Cash paid to employees	( 949,702)	( 892,741)
Net Cash Provided (Used) by Operating Activities	(\$ 206,694)	\$ 169,548
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital grants received	\$ 62,516	\$ 136,182
Proceeds from loans	26,855	60,000
Acquisition of property and equipment	( 33,891)	( 173,781)
Principal payments on loans	( 69,264)	( 71,193)
Interest payments on loans	( 20,448)	( 25,566)
Proceeds from disposal of assets	-	830
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$ 34,232)	(\$ 73,528)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 2,233	\$ 5,849
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$ 238,693)	\$ 101,869
CASH AND CASH EQUIVALENTS - JULY 1	296,619	194,750
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 57,926</u>	<u>\$ 296,619</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	\$ 31,407	\$ 22,032
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 96,923	\$ 96,501
(Increase) decrease in accounts receivable (net)	5,590	( 67,355)
(Increase) decrease in prepaid expenses	( 9,534)	( 9,345)
Increase (decrease) in accounts payable	( 244,654)	70,721
Increase (decrease) in accrued liabilities	( 986)	( 2,492)
Increase (decrease) in deferred revenue	( 85,440)	59,486
Total Adjustments	(\$ 238,101)	\$ 147,516
Net Cash Provided (Used) by Operating Activities	(\$ 206,694)	\$ 169,548

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond, both being in Macomb County, Michigan. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The entity is organized under the Ambulance Authority Act of the State. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The accounting policies of Richmond-Lenox E.M.S. Ambulance Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

**Basis of Presentation** - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999.

**Basis of Accounting** - The accounts of the Authority are organized as an Enterprise Fund, which is used to account for its operations as a provider of emergency medical services. These services are financed primarily through user charges. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accrual basis of accounting is used to account for the operations of this Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

**Cash and Cash Equivalents** - The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

The Authority has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Authority to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

**Accounts Receivable** - The Authority's accounts receivable are comprised of amounts due from individuals, insurance companies and other third party payers. Gross accounts receivable have been adjusted for financial statement purposes, to reflect the amount expected to be collected. All receivables turned over to a collection agency have been excluded. An allowance for doubtful accounts has been established for estimated losses on accounts receivable based on bad debt experience and a review of existing accounts receivable.

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
 Richmond, Michigan  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**Capital Assets** - Capital assets, which consists of property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

Major classifications of property and equipment and their respective lives are summarized as follows:

<u>CLASSIFICATION</u>	<u>DEPRECIABLE LIVES</u>
Land improvements	15 years
Furniture and fixtures	3-7 years
Vehicles	5-10 years
Equipment	5-10 years
Building improvements	10-39 years

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Comparative Data/Reclassifications** - Comparative data for the prior year have been presented in order to provide an understanding of the changes in financial position and operations of the Authority.

**NOTE 2 - CASH AND CASH EQUIVALENTS:**

The Authority's cash and cash equivalents consist of bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$270,113 of the Authority's bank balance of \$380,696 was exposed to custodial credit risk as follows:

	<u>INSURED</u> <u>(FDIC)</u>	<u>UNINSURED</u> <u>AND</u> <u>UNCOLLATERALIZED</u>	<u>CARRYING</u> <u>AMOUNT</u>	<u>BANK BALANCE/</u> <u>MARKET VALUE</u>
<u>DEPOSITS:</u>				
Demand deposits	\$110,583	\$270,113	\$ 57,926	\$380,696

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
 Richmond, Michigan  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 June 30, 2008

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable as of June 30, 2008 and 2007, including the applicable allowances for uncollectible accounts are as follows:

	<u>2008</u>	<u>2007</u>
Gross Receivables	\$246,682	\$274,246
Less: Allowance for uncollectibles	<u>5,192</u>	<u>27,166</u>
Net Receivables	<u>\$241,490</u>	<u>\$247,080</u>

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Capital Assets Not Being Depreciated:				
Land	\$ 20,012	\$ -	\$ -	\$ 20,012
Capital Assets Being Depreciated:				
Buildings	\$ 998,205	\$ -	\$ -	\$ 998,205
Land improvements	31,952	-	-	31,952
Equipment	223,886	29,961	3,272	250,575
Vehicles	430,308	-	-	430,308
Furniture and fixtures	<u>52,676</u>	<u>3,930</u>	<u>3,340</u>	<u>53,266</u>
Subtotal	<u>\$1,737,027</u>	<u>\$ 33,891</u>	<u>\$ 6,612</u>	<u>\$1,764,306</u>
Less: Accumulated Depreciation for:				
Buildings	\$ 175,972	\$ 26,024	\$ -	\$ 201,996
Land improvements	12,098	2,052	-	14,150
Equipment	100,098	26,769	3,272	123,595
Vehicles	200,056	40,275	-	240,331
Furniture and fixtures	<u>47,572</u>	<u>1,802</u>	<u>3,340</u>	<u>46,034</u>
Subtotal	<u>\$ 535,796</u>	<u>\$ 96,922</u>	<u>\$ 6,612</u>	<u>\$ 626,106</u>
Net Capital Assets Being Depreciated	<u>\$1,201,231</u>	<u>(\$ 63,031)</u>	<u>\$ -</u>	<u>\$1,138,200</u>
Capital Assets - Net of Depreciation	<u>\$1,221,243</u>	<u>(\$ 63,031)</u>	<u>\$ -</u>	<u>\$1,158,212</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
 Richmond, Michigan  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 June 30, 2008

**NOTE 5 - LONG-TERM DEBT:**

Long-term debt consists of the following:

Capital lease to a commercial lessor in monthly installments of \$1,239, including interest. Final payment is due May 2010, which includes a minimal title transfer fee. The lease is unsecured.	\$ 25,846
Note payable to a commercial bank in monthly installments of \$1,361, including interest at 4.20%. Final installment is due in October 2010. The note is secured by a 2006 Ford E-350 Cut-Away Modular Ambulance.	36,273
Note payable to a commercial bank in monthly installments of \$338, including interest at 4.75%. Final payment is due in June 2011. The note is secured by a 2006 Jeep Liberty.	11,642
Note payable to a commercial bank in monthly installments of \$3,783 including interest at 3.87%. Final payment is due in January 2021. The note is unsecured. Refer to Note 9 for additional information.	<u>431,079</u>
Total	\$504,840
Less: Current portion	<u>60,937</u>
Long-Term Portion	<u>\$443,903</u>

A summary of changes in long-term debt follows:

	<u>BALANCE</u> <u>7/1/07</u>	<u>ADDITIONAL</u> <u>BORROWING</u>	<u>PRINCIPAL</u> <u>PAYMENTS</u>	<u>BALANCE</u> <u>6/30/08</u>
Note payable - Ambulance	\$ 50,729	\$ -	\$ 14,456	\$ 36,273
Note payable - Vehicles	15,048	-	3,406	11,642
Note payable - Building	481,472	-	50,393	431,079
Lease payable - Panasonic Toughbook	-	26,855	1,009	25,846
Total	<u>\$547,249</u>	<u>\$ 26,855</u>	<u>\$ 69,264</u>	<u>\$504,840</u>

Annual debt service requirements to maturity for the above obligations are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 60,937	\$ 20,953	\$ 81,890
2010	60,865	17,410	78,275
2011	40,298	14,959	55,257
2012	31,796	13,600	45,396
2013	33,049	12,347	45,396
2014-2018	185,828	41,151	226,979
2019-2021	<u>92,067</u>	<u>6,240</u>	<u>98,307</u>
Total	<u>\$504,840</u>	<u>\$126,660</u>	<u>\$631,500</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
June 30, 2008

**NOTE 6 - DEFERRED REVENUE:**

Deferred revenue is reported in connection with resources that have been received, but not yet earned. At June 30, 2008, the components of deferred revenue were as follows:

Suburban Mobility Authority for Regional Transportation:  
Chesterfield Township

\$35,333

**NOTE 7 - DEFERRED COMPENSATION PLAN:**

Richmond-Lenox E.M.S. Ambulance Authority has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the financial statements of Richmond-Lenox E.M.S. Ambulance Authority.

**NOTE 8 - RISK MANAGEMENT AND LITIGATION:**

Richmond-Lenox E.M.S. Ambulance Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and workers' compensation, as well as medical benefits provided to employees.

The Authority has purchased commercial insurance for these claims through the Michigan Townships Participating Plan.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Based upon independent legal confirmation, there would appear to be no litigation against the Ambulance Authority which would involve monetary damages, if any, in excess of insurance policy limits.

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY  
Richmond, Michigan  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
June 30, 2008

NOTE 9 - COMMITMENTS:

The Authority completed construction of its third station during the year ended June 30, 2005. As indicated in Note 5, outstanding debt related to this project is \$431,079.

Richmond Township and Lenox Township have each committed to allocate future Community Development Block Grant funds to assist Richmond-Lenox E.M.S. in repayment of the debt associated with the construction project indicated above, as follows:

		<u>TOTAL</u>
Richmond Township	\$20,000 annually 2008-2011	\$ 80,000
Lenox Township	\$20,000 annually 2008-2012	100,000

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:

The Authority has elected to provide post-employment health benefits to certain retirees and their beneficiaries. The Authority will pay the full cost of coverage for these benefits. The Authority obtains health care coverage through private insurers. Currently, no retirees are eligible for post-employment health benefits.



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MEMBERS  
The American Institute of  
Certified Public Accountants  
The Michigan Association of  
Certified Public Accountants

October 31, 2008

Board of Directors  
Richmond-Lenox E.M.S. Ambulance Authority  
34505 32 Mile Road  
Richmond, Michigan 48062

Re: Supplemental Systems and Internal Control  
Comments and Recommendations in conjunction  
with the audit for the year ended June 30, 2008

Honorable Members:

In planning and performing our audit of the financial statements of Richmond-Lenox E.M.S. Ambulance Authority for the year ended June 30, 2008, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. The following items are presented that could affect Richmond-Lenox E.M.S. Ambulance Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

## **Financial Institutions**

Richmond-Lenox E.M.S. Ambulance Authority has relationships with two financial institutions, diversifying funds to ensure the safety of its cash deposits and investments. Regardless, large balances could still be held at an institution at any point in time. The effects of the mortgage lending crises have weakened several financial institutions across the country. Accordingly, it is critical that the Authority periodically review the financial health and ongoing vitality of institutions that the Authority transacts business with.

## **Retiree Health Care Benefits**

The Governmental Accounting Standards Board (GASB) has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will be effective for the Ambulance Authority's 2010 fiscal year. The pronouncement provides guidance for local units of government in recognizing the cost of retiree health care benefits. The intent of the new rules is to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid.

As the implementation date is drawing near, an actuarial study will need to be completed to meet the requirements of GASB 45. The study should be performed no earlier than two years prior to the beginning of the year of implementation (no earlier than July 1, 2008 for the Ambulance Authority). An actuarial report will assist the Ambulance Authority in budgeting for future payments and to determine to what extent the annual required contributions determined by the actuary will be made.

#### **Other Comments**

As presented in Exhibit A of the annual report, the Ambulance Authority's net assets increased from \$784,150 at June 30, 2007 to \$859,858 at June 30, 2008. A majority of the Ambulance Authority's net assets are invested in capital assets, net of related debt. These assets are obviously valuable to the organization, but they are not readily convertible to cash and, therefore, not available for expenditure.

In an effort to improve the Ambulance Authority's cash flow, management has continued to work closely with the outside billing agency. The accounts receivable, net of allowance at June 30, 2008 was \$241,490, representing approximately 80 days sales compared to \$247,080 at June 30, 2007 which represented 88 days sales. Management should continue to monitor billing and collection procedures in an effort to improve the timing and amount of billings that are actually collected.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the administration of the Richmond-Lenox E.M.S. Ambulance Authority. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Directors, is a matter of public record.

We appreciate the cooperation of the Ambulance Authority staff and Directors during our audit.

Respectfully submitted,

BUSS & COMPANY, P.C.



Certified Public Accountants

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MEMBERS  
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October 31, 2008

Board of Directors  
Richmond-Lenox E.M.S. Ambulance Authority  
Richmond, Michigan 48062

We have audited the financial statements of Richmond-Lenox E.M.S. Ambulance Authority for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 14, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Richmond-Lenox E.M.S. Ambulance Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters with Jeffrey R. White, President, as reflected in our engagement letter dated July 14, 2008.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Richmond-Lenox E.M.S. Ambulance Authority are described in Note I to the financial statements. No new significant accounting policies were adopted and the application of existing policies were not changed during the fiscal year ended June 30, 2008. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements which were deemed sensitive in nature.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 31, 2008, a copy which is available from management.

*Management Consultations with other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Richmond-Lenox E.M.S. Ambulance Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BUSS & COMPANY, P.C.

A handwritten signature in black ink that reads "Buss & Company, P.C." in a cursive, stylized font.

Certified Public Accountants